

MINUTES
BOARD OF TRUSTEES
UNITARIAN UNIVERSALIST ASSOCIATION

April 21-22, 2012

Pursuant to notice duly given, a meeting of the Board of Trustees of the Unitarian Universalist Association was held on Saturday April, 21 and Sunday April 22, 2012 in Boston, MA.

MEMBERS

PRESENT: Averett, Bartlett, Brody, Carlson, Courter, Cullen, Friedman, Grubbs, Harrison, Jackoway, King, Kreicker, Laskowski, Lund, Loughrey, Manley, Morrill, Phinney, Pupke, Ritchie, Shanti, Stewart, Tino, and Morales

MEMBERS

ABSENT: Raible-Clark

ALSO

PRESENT: Brennan, Lawrence, Limpert, and observers

Gini Courter, Moderator, called the meeting to order at 8:35 AM on Saturday, April 21, 2012. Charlie King provided opening words. Trustees and visitors were introduced and the agenda was approved.

APPROVAL OF BOARD MINUTES

The meetings of the January 19 - 22 and March 22, 2012 meetings of the Board of Trustees were approved as written.

CONSENT APPROVAL OF CERTAIN MONITORING REPORTS

The monitoring reports the following policies were accepted as written:

- 2.4 Compensation and Benefits for UUA Staff
 - 2.4.1 Promise permanent employment
 - 2.4.3 Provide less than a living wage to all employees

2.4.4A Change benefits so as to cause imprudent or inequitable situations, including those that incur unfunded liabilities

2.4.4B Change benefits so as to cause imprudent or inequitable situations, provide less than a reasonable level of benefits to all employees.

2.4.4C Change benefits so as to cause imprudent or inequitable situations, including those that allow any employee to lose benefits already promised.

2.4.4D Change benefits so as to cause imprudent or inequitable situations, including those that differentiate among classes of employees.

2.7.1 Fail to present at the Board of Trustees' April meeting.

2.7.2 Commit the Association to any initiative that lacks a clear and comprehensive funding plan.

2.7.3 Provide less for the Board's budget than the amount determined pursuant to policies on "Cost of Governance" in "Section 3 Governance Process."

2.8.16 Make payments for travel or other reimbursable expenses incurred by staff members or volunteers (including board, committee, or commission members), except as authorized by a travel and expense reimbursement policy.

2.12 Emergency Presidential Incapacity

2.15.2 Fail to have an active, viable and funded program to help our congregations build the capacity to stand in opposition to systemic racism in our congregations, local communities and in our own lives.

SECRETARY'S REPORT

Tom Loughrey, Secretary, proposed a new policy to provide financial assistance to moderator candidates to attend General Assemblies in 2012 and 2013 as well as regular board meetings between the two GA's. The rules of the Association will be changed at the 2013 GA to conform to this policy.

Motion to provide financial assistance to moderator candidates

M (Loughrey), S, and

VOTED AND PASSED: to amend Policy 3.9 Cost of Governance by adding subsection 5 to read as follows:

5. Candidates for President or Moderator who have been duly nominated in

accordance with Section 9.5 or Section 9.6 of the bylaws shall be entitled to be reimbursed by the Association for reasonable expenses for registration, travel, meals and lodging for attending the General Assemblies held one year prior to the election and in the year of the election, and for regular meetings of the Board of Trustees held during the period between the two General Assemblies, provided they remain candidates as of the time of the General Assembly(ies) and the quarterly meeting(s) for which they seek reimbursement. Each such candidate shall be provided a single booth space in the Exhibit Hall at the General Assemblies held one year prior to the election and in the year of the election. In no case is a candidate eligible for reimbursement for expenses incurred prior to being nominated.

VICE MODERATOR'S REPORT

Joan Lund, Second Vice Moderator, announced that the Board of Trustees had made a donation to the Michigan Nature Conservancy in memory of Moderator Gini Courter's father, who recently passed away.

GA AND GA AGENDA

Tom Loughrey, Secretary, asked for volunteers to present the position of the Board on certain by-law changes at General Assembly. Phinney will present on Article 15 with Brody as the backup. Ritchie will present on the definition of "congregation," which is up for a second vote. Tino is backup.

Motion to allow off-site voting

Phinney stated that last year's test of off-site voting and participation was successful. He proposed a rule change to allow these off-site delegates to have official status and have their votes counted.

M (Phinney), S, and

VOTED AND PASSED: That the rules of the Unitarian Universalist Association be changed to allow off-site delegate participation and voting.

Rule 4.9.7. Issuance of Alternate Credentials. Starting at line #2360.

In order to be issued credentials admitting the alternate as a delegate to the General Assembly, the alternate must present such certification and credential card and delegate badge of the delegate for whom such person is serving as alternate." Off-site delegates must inform the off-site voting manager in sufficient time for the primary delegate's log-in credentials to be deleted and the alternate's credentials to be activated. Structures must be in place to ensure that the combination of delegates from any single congregation does not exceed the

number of delegates, a combination of on-site and off-site delegates, allocated to that congregation during any activity during which votes will be taken.

Future sites for General Assembly

Harrison reported that the GA Planning Committee has recommended sites for the 2016 and 2018 General Assemblies.

M (Harrison), S, and

VOTED AND PASSED: That the General Assembly 2016 be held in Columbus, Ohio.

M (Harrison), S, and

VOTED AND PASSED: That the General Assembly 2018 be held in Kansas City, Missouri.

REPORT OF THE LINKAGE WORKING GROUP

Linda Laskowski of the Linkage Working Group reported on their discussions. The working group will organize discussions with youth called "World Café" at the upcoming General Assembly. The work on identifying how we do linkage with sources beyond congregations continues with Unity Consulting. Unity will produce an interim report by June and a report on methodologies in October. Gathered Here has been redesigned to be simpler and easier for congregations. So far 500 people have participated in 30 events telling each other stories of what makes us come alive within our faith.

REPORT OF THE GOVERNANCE WORKING GROUP

Donna Harrison reported on the discussion of the Governance Working Group. The Group is recommending that the UUA invest in software that will streamline and help organize the process of reviewing monitoring reports. Cost is expected to be about \$11,000. There have been many suggestions for changes to policies. The WG is keeping track of these and will start bringing proposals for changes in June. The Board is out of compliance with monitoring all of Section 3 and 4 policies. But good governance is about continuous improvement, not writing monitoring reports. The WG is recommending Policy Governance training for Board members over the summer.

Disposition of monitoring reports

M (Harrison), S, and

VOTED AND PASSED: to accept the Monitoring Report on the Ends and find that the operational definition is reasonable. The board does not need to receive any additional reporting on the ends prior to the next regularly scheduled Ends monitoring report in December, 2012. The board also notes that if the President wishes to have a conversation about any new operational definitions being considered prior to submission of the report that we will accommodate that conversation.

M (Harrison), S, and

VOTED AND PASSED: to accept these Monitoring Reports as follows:

2.2 Treatment of Congregations – accept as written.

2.2.1 Response system to Communications from Congregations – Accept as written with the understanding that the Operational Definition and rationale will be redrafted for clarity.

2.2.2 Process for dealing with congregational complaints – accept as written.

2.2.3 Open & transparent communication of decisions – Accept as written with the expectation that a more suitable metric will be provided next cycle.

2.2.4 Comply with policy on Loans to Congregations – Accept as written, next cycle updating the response to focus on "fair and equitable" administration of the loan program.

2.2.5 Accept as written. The Governance Working Group will provide a motion at a later date to eliminate this policy.

2.4B Shall not Allow Conditions that Jeopardize Fiscal Integrity – The GWG will review and recommend whether we need to clarify the intent of the policy.

2.4.2 Shall not set salaries at a level materially less than similar nonprofits – Accept as written with the expectation that the rationale provided the next time this policy is monitored will address how we know that the salary survey used is appropriate.

2.4.4D Shall not change benefits to differentiate among classes of employees – Accept the report with the understanding that the operational definition is incomplete as sabbaticals and vacation were not included in the benefits described. This can be addressed the next time this policy is monitored.

2.7 Financial Planning and Budgeting - Accept as written.

2.7.1 Budgets due at April Board Meeting – Accept as written. Correct obsolete references the next time this policy is monitored.

2.8.2 Document all financial procedures and identify responsible staff – Accept as written, noting that the policy requires identification of staff responsibilities for execution of financial policies.

2.15 Implement GA Resolutions – Accept as written. The Board will delete obsolete references when they sunset.

2.15.1 Establish and Fund Arizona Immigration Ministry – Accept as written. The Board will delete obsolete references when they sunset.

2.15.1B Establish Arizona Immigration Ministry in time for partner groups to be prepared for GA2012 – Accept as written. The Board will delete obsolete references when they sunset.

2.15.D Accept as written. The Board will delete obsolete references when they sunset.

COMMUNICATIONS WORKING GROUP

Erik David Carlson of the Communications Working Group reported on their discussions. The CWG has had two meetings thus far. They are reviving the UUA Board blog. Topics from this Board meeting will be assigned, and the entire Board will have the opportunity to review items before posting. The Board will be shifting to a new online conferencing system recommended by the UUA's Information Technology Services staff called AnyMeeting.com. Tino's summary of the process and rationale for submitting the Doctrine of Discovery as a responsive resolution will be posted.

MINISTERIAL CREDENTIALING COMMITTEE REPORT

M (Ritchie), S, and

VOTED AND PASSED: that the Board requests the President to have legal counsel draft the necessary bylaw changes to give the President the responsibility for making those appointments to the Ministerial Fellowship Committee and its subcommittees that are now made by the Board.

REPORT FROM THE UUA YOUTH AND YOUNG ADULT OFFICE

Carey McDonald, director of the UUA's Youth and Young Adult Office, reported the activities of the UUA in this area. The programs of the Office are guided by the Youth Ministry Working Group report and the Mosaic Report. The Administration has shifted its resources away from direct service to a connecting and supporting role that promotes capacity and training. McDonald announced a new program launching this summer called Luminary Leaders. The program's goal is to affirm the youth leaders we already have, to connect them to one another, and to connect them to the UUA's programs.

EXECUTIVE SESSION

Members of the Distinguished Service Award Committee discussed their recommendation with the Board of Trustees and the following motion was unanimously voted:

M (Ritchie), S, and

VOTED AND PASSED: To name the Rev. Marjorie Bowens-Wheatley as the 2012 recipient of the Award for Distinguished Service to the Cause of Unitarian Universalism. Award is given posthumously.

REPORT OF THE RIGHT RELATIONSHIP MONITORING COMMITTEE

Michael Tino reported on the discussions of the Right Relationship Monitoring Committee. They are working on a plan for ARAOMC training for the Board since all board members are supposed to have cultural competency. They will organize a training session to for the Board's October meeting. The Committee will begin monitoring policies that relate to ARAOMC issues and will develop polices for Association committees.

M (Tino), S, and

VOTED AND PASSED: That the Board accepts the report from the Accountability Group with gratitude.

REPORT OF THE COMMITTEE ON COMMITTEES

Nancy Bartlett reported on the discussions of the Committee on Committees which included the creation of an Appointments Committee, additional policies in executive limitations to provide support to the appointments and nominating committees, and the process of selecting trustees who will serve beyond June 2013. In addition, the

5. Amend policy 3.7.9 as follows:

Unless otherwise specified by these policies or by the Bylaws or Rules of the Association, committee appointments are made for two- year periods, which can be renewed up to three times for a maximum of 8 years of service. Terms begin at the close of the regular General Assembly in odd-numbered years. When considering possible reappointments of committee members, the Appointments Committee shall take into account the goal that committee membership should reflect the full diversity of the Association, as stated in Policy 3.7.10, as well as the need for each committee to have the full range of skills and experience necessary for its work. ~~The Appointments Committee~~ may recommend a reappointment resulting in more than eight years of service when failure to allow a term extension would have a significantly negative impact on a committee's ability to function.

Deleted: (but need not be)

Deleted: Reappointment to Board committee positions for second, third or fourth terms are not automatic. The Committee on Committees may recommend a change in committee composition or membership if they deem such a change to be in the best interests of the committee or the Association.

Deleted: Committee on Committees

Deleted: also

6. Policy 3.7.10, as adopted at the January 19-21, 2012, Board meeting, is repealed.

7. Policy 3.8.3 Appointments Committee, is adopted as follows:

3.8.3 Appointments Committee

A. Responsibilities

1. Not later than April 1st of each year, to forward to the Board the name of an individual recommended for each upcoming appointment to a committee or similar body for which the Board has appointment authority, including the following:

- a. Committees of the Association and Committees of the Board, as specified in the Bylaws or Rules of the Association
- b. Committees of the Board, as specified in Section 3 of the Policy Governance Manual
- c. The Trustees of the UUA Employee Benefits Trust

2. Notwithstanding Policy 3.8.3.A.1, the Appointments Committee shall have no responsibility to make recommendations which the Board has delegated to the President under Policy 4.3.

3. Not later than 45 days after a vacancy occurs in any appointed position, as listed in the preceding subsection, to recommend to the Board an individual for appointment to fill the vacancy.

4. Not later than 45 days after a vacancy occurs in a trustee position, the Youth Observer, or an elected position on a committee, to recommend to the Board an individual for appointment to fill the vacancy.

5. Not later than 60 days after a vacancy occurs in an elected officer's position, to recommend to the Board two or more individuals for appointment to fill the vacancy.
6. To make recommendations for appointments to task forces and other ad hoc groups, as directed by the Board.

B. Considerations in Making Recommendations

1. The committee shall endeavor to recommend individuals so that the membership of committees and task forces reflects the full diversity of the Association, especially in regard to historically marginalized communities, but also balancing amongst size of congregation, lay and ordained, geography, age (including youth and young adults), and gender, among others. The committee shall consult with groups and organizations, including those traditionally underrepresented in Unitarian Universalist leadership, to help inform the appointment process.
2. The committee shall consult with the Moderator, the Financial Advisor, the Treasurer, and any Trustee who serves on a committee prior to making recommendations for committees on which they serve.
3. The committee shall collaborate with the Nominating Committee to develop systems and processes for recruiting, selecting, and training appointees and candidates.
4. The committee shall assist in providing training, support, and monitoring to further the work of other committees.

C. Appointment and Terms

1. The committee shall have seven members.
 2. The Board shall appoint a Trustee to serve as liaison to the committee. The liaison shall participate in all committee meetings at which recommendations are made.
8. Policy 2.14 Support to the Board is amended by adding the following as sub-policy 14:
- 2.14.14 Fail to provide adequate staff support and information technology systems for the Appointments Committee and the Nominating Committee.

9. Policy 2.14.14 shall be subject to an initial monitoring report to be submitted to the Board no later than October 1, 2012.

10. 4.3 Delegation to the President is amended by adding the following as sub-policy 4.3.6:

4.3.6 The Board delegates to the President the responsibility to recommend, for approval by the Board, slates of candidates for the Ministerial Fellowship Committee and its subcommittees until the bylaws are changed to give the President the responsibility for such appointments.

M (Bartlett), S, and

VOTED AND PASSED: Moved, to request the Committee on Committees, not later than September 30, 2012, to forward to the Board the names of at least four Trustees recommended for appointment to two-year terms as Trustee beginning in 2013, as provided by Section 9.14 of the Bylaws. Any member of the committee who is eligible and willing to accept appointment or nomination for a term on the Board beginning in 2013 must be recused from all committee activities related to this task.

FINANCIAL ADVISOR'S REPORT

Dan Brody, Financial Advisor, reported on the plan to organize a new legal entity to hold the assets of the UU Common Endowment Fund. The purpose is to insulate the assets of our congregations from any liabilities of the Association.

TREASURER'S REPORT

Tim Brennan, Treasurer and Chief Financial Officer, reported on the Financial Indicators Dashboard and the methodology used for screening the assets of the UU Common Endowment Fund.

INVESTMENT COMMITTEE REPORT

M (Brody), S, and

VOTED AND PASSED: The Treasurer, acting on behalf of the Association, is hereby authorized and directed, in consultation with counsel:

To file a Certificate of Organization (the "Certificate of Organization") with the Secretary of State of The Commonwealth of Massachusetts to create the Unitarian Universalist Common Endowment Fund, LLC (the "Externalized UUCEF"), for which the Association shall serve as Manager, in the form presented to this meeting, together with such amendments thereto as the Treasurer and Daniel Brody, as a representative of the Board of Trustees and of the Investment Committee, may determine to be appropriate;

To cause the Externalized UUCEF to adopt as its Operating Agreement the Operating Agreement of the Externalized UUCEF (the "Operating Agreement") in the form presented to this meeting, and in the Association's capacity as Manager of the Externalized UUCEF to execute the Operating Agreement, together with such amendments thereto as the Treasurer and Daniel Brody, as a representative of the Board of Trustees and of the Investment Committee, may determine to be appropriate; and

To cause the Association, in its capacity as Manager of the Externalized UUCEF, and to cause the Externalized UUCEF, to make such filings, prepare and execute such documents, and amendments thereto, enter into such undertakings and take such other actions as may be necessary or appropriate to cause the Externalized UUCEF to elect to be taxed as a corporation under Subchapter C of the Internal Revenue Code (the "Code") and to be recognized by the Internal Revenue Service, before commencing operations, as tax-exempt under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and to adopt such amendments (if any) to the Certificate of Organization and the Operating Agreement in connection therewith as may be necessary or appropriate to secure such approval by the Internal Revenue Service;

And it is further moved:

To authorize and direct the Investment Committee, in consultation with the Treasurer and counsel (to the extent the Investment Committee deems necessary or appropriate):

To cause to be made, review and approve such changes in the Investment Information Memorandum (including the related subscription agreement) for the Association's currently existing General Investment Fund, which operates as a business unit of the Association under the name "Unitarian Universalist Common Endowment Fund" (the "Existing Fund"), as may be necessary or appropriate to adapt such Investment Information Memorandum for use as the Investment Information Memorandum of the Externalized UUCEF (the "Externalized Fund Memorandum"), to authorize the submission of a draft of the Externalized Fund Memorandum to the Internal Revenue Service in connection with seeking the

approval described above, to approve the utilization of the Externalized Fund Memorandum in such form as the Investment Committee may approve, following the receipt of such approval by the Internal Revenue Service, to solicit exchanges by investors in the Existing Fund of their interests therein for interests in the Externalized UUCEF (the “UUCEF Reorganization”), and to cause to be made, review and approve such further changes in the Externalized Fund Memorandum as the Investment Committee may consider to be necessary or appropriate, on an ongoing basis, to allow the Externalized Fund Memorandum to be used to solicit investments in the Externalized UUCEF following the UUCEF Reorganization;

To cause the Externalized UUCEF to make such filings with and obtain such approvals by any applicable governmental authority, including but not limited to the securities commissioners, or similar authorities, of any state or any agency of the government of the United States, as may be necessary or appropriate to permit the Externalized UUCEF to offer interests therein to Congregations, organizations associated with Congregations and organizations associated with the Association and to operate in the manner contemplated by the Operating Agreement;

In connection with the implementation of the UUCEF Reorganization, to cause the redemption of the interest in the Existing Fund held by any Congregation, organization associated with a Congregation or organization associated with the Association that does not agree to exchange its interest in the Existing Fund for an interest of equivalent value in the Externalized UUCEF in connection with the UUCEF Reorganization;

To cause the Association’s assets that constitute part of the Existing Fund to be exchanged for an interest of an equivalent value in the Externalized UUCEF in connection with effectuating the UUCEF Reorganization;

To oversee and make decisions concerning the performance by the Association of its responsibilities as Manager of the Externalized UUCEF, in the manner and subject to the terms of the previous delegations of authority by this Board to the Investment Committee with respect to the Existing Fund, in accordance with the terms of the Certificate of Organization and the Operating Agreement and the policies and procedures described in the Externalized Fund Memorandum, as they may be amended from time to time, including but not limited to the appointment of officers and other agents for the Externalized UUCEF, the investment, disposition and reinvestment of the Externalized UUCEF’s assets and the Externalized UUCEF’s entry into, and performance and termination of, investment management, custodial, consulting and other agreements, subject to the same obligations of consultation with and approval by the Committee on Socially Responsible Investing that apply to the Existing Fund;

To cause the Association, as Manager of the Externalized UUCEF, to amend the Certificate of Organization, the Operating Agreement and the policies and procedures described in the Externalized Fund Memorandum in accordance with

activities, the UUA receives gifts, trusts, and endowments that require investment management. These funds, together with other funds invested by Unitarian Universalist (UU) congregations and other UU organizations, are managed collectively in the Unitarian Universalist Common Endowment Fund (UUCEF).

Eligible Investors

The UUCEF may accept investments from the following:

1. The UUA;
2. Unitarian Universalist (UU) congregations in good standing;
3. UUA districts and regions;
4. UU Related Organizations, specifically Associate Member Organizations, Sponsored Organizations, Professional Organizations, Theological Schools, Independent Affiliate Organizations (and their member organizations), and International Organizations; and
5. Other UU organizations approved by the UUA Board of Trustees following application to the Treasurer.

Mission and Investment Objective

The mission of the UUCEF is to provide investors with competitive, long term investment results which are earned in a manner compatible with the values of Unitarian Universalism.

The investment objective of the UUCEF is to achieve consistent returns within a moderate risk tolerance, sufficient to allow investors to take regular distributions and maintain the value of principal after adjustment for inflation and after all expenses. The UUCEF's goal is to achieve investment performance that is superior to what each investor could achieve independently.

The UUCEF shall operate in a manner which upholds the highest standards of fiduciary management. The UUCEF shall use a fully independent third party consultant to provide research and analysis to inform the fund's investment decisions, and shall consider proven socially responsible investment options.

A disciplined and rigorous process, a focus on socially responsible investments, and maximum transparency shall serve as the basis for the UUCEF's operations. The UUCEF shall hold itself accountable by considering inputs carefully and measuring outcomes against both relevant investment benchmarks as well as widely accepted standards for socially responsible investment.

Investment Committee

The Investment Committee of the UUCEF shall consist of the Financial Advisor, the Treasurer, and five other persons appointed by the UUA Board of Trustees (including one who is designated to serve as chair), with the following qualifications:

Four persons who have direct professional institutional investment experience. This experience would typically be gained as an investor, consultant, money manager, or lawyer specializing in institutional fiduciary issues for an organization with assets at least as large as those of the UUCEF.

One person who has experience with endowment management in an organization that invests in the UUCEF, and who has knowledge of UUA priorities, programs, and communities, as well as of socially responsible investment practices, and who is a member of the UUA Socially Responsible Investment Committee.

The Financial Advisor and the Treasurer shall serve for as long as they hold such office. The other members of the Investment Committee shall be appointed by the UUA Board at its first meeting following the regular General Assembly in each year, and shall serve for terms of two years and until their successors are appointed and qualified, subject to a limit of eight years of service. Terms shall end at the close of the regular General Assembly in each year, with approximately half of the terms expiring in even-numbered years and half in odd-numbered years.

Responsibilities of the Investment Committee

The Investment Committee shall, subject to the requirements of these bylaws and of the Operating Agreement, adopt all policies necessary for the operations of the UUCEF. The Committee shall review and approve the Investment Information Memorandum and other materials used in connection with the UUCEF.

Applicable Policies

The provisions of the UUA Conflict of Interest Policy, Whistleblower Policy, and all other policies applicable to committees appointed by the UUA Board of Trustees shall apply to the Investment Committee.

Expense Reimbursement

The UUCEF shall reimburse the UUA for expenses incurred by the UUA on the UUCEF's behalf, such as investment management, custodial services, proxy voting, an annual audit, and investment consultants.

The UUCEF shall pay an administrative fee to reimburse the UUA for the expenses incurred by the UUA in its administration of the UUCEF, including but not limited to a) part (and in certain instances all) of the salaries of the Treasurer,

other professional and support personnel; and b) general and administrative costs such as telephone, information technology services, supplies, website design and maintenance, general liability insurance, and occupancy costs.

The administrative fee shall be calculated using a formula, approved by the UUA Board, based on an estimate of the UUA's actual costs. Initially, the annual reimbursement formula shall be 0.20% of the beginning asset balance of the UUCEF. The Treasurer shall review the reimbursement formula as needed, but at least once every five years, and shall recommend to the Board of Trustees if a change is warranted.

Incorporation of UU Values

The UUCEF shall be managed in a manner consistent with UU values as well as the achievement of return and risk objectives. The Investment Committee is responsible for balancing these occasionally competing objectives in the best interests of the UUCEF. The UUA is committed to an investment program which utilizes tools of socially responsible investment (SRI) to optimize the alignment of its financial assets with its values. As practical, every search for professional investment managers shall include at least one firm with expertise in SRI in the asset class under review.

Unitarian Universalist values that shall inform investment decisions have been expressed in General Assembly resolutions and Statements of Immediate Witness, Board resolutions, and the UUA's Principles and Purposes.

The Investment Committee and the UUA Board's Socially Responsible Investment Committee shall develop an ongoing process to assess the effectiveness of the UUA's SRI policies and practices. The committees shall also assist staff in developing coalitions (among Unitarian Universalist and other like-minded organizations, both faith-based and secular) to achieve SRI goals, and to expand services to member congregations and individual UUs regarding SRI practices that embody UU values.

Community Investments

Community investment in areas underserved by traditional sources of financing is an important component of a socially responsible investment program. Approximately 1% of the assets of the UUCEF shall be invested in community investments. The Investment Committee shall encourage congregations to invest their own funds in community investments.

Reporting

At least once every two years, the Investment Committee and the Socially Responsible Investment Committee shall jointly report to the Board of Trustees

and UUCEF investors. The report shall discuss the performance of the UUCEF, including its success in meeting its return, risk, and SRI objectives.

The Treasurer shall post on the UUA web site:

- an annual report on the performance of the UUCEF,
- a schedule of UUCEF investments (including community investments) as of the end of each fiscal year,
- agendas and minutes of the Investment Committee,
- governing documents of the UUCEF LLC, and
- policies and guidelines adopted by the Investment Committee.

Investment Committee Operations

The Investment Committee is responsible for establishing the frequency, duration, and agenda of its meetings, and its procedures for the recording and publication of minutes, in the context of UUA practices of transparency and accountability.

M (Brody), S, and

VOTED AND PASSED: The Treasurer, acting on behalf of the Association, is hereby authorized and directed, in consultation with counsel:

To file a Certificate of Organization (the "Certificate of Organization") with the Secretary of State of The Commonwealth of Massachusetts to create the Unitarian Universalist Common Endowment Fund, LLC (the "Externalized UUCEF"), for which the Association shall serve as Manager, in the form presented to this meeting, together with such amendments thereto as the Treasurer and Daniel Brody, as a representative of the Board of Trustees and of the Investment Committee, may determine to be appropriate;

To cause the Externalized UUCEF to adopt as its Operating Agreement the Operating Agreement of the Externalized UUCEF (the "Operating Agreement") in the form presented to this meeting, and in the Association's capacity as Manager of the Externalized UUCEF to execute the Operating Agreement, together with such amendments thereto as the Treasurer and Daniel Brody, as a representative of the Board of Trustees and of the Investment Committee, may determine to be appropriate; and

To cause the Association, in its capacity as Manager of the Externalized UUCEF, and to cause the Externalized UUCEF, to make such filings, prepare and execute such documents, and amendments thereto, enter into such undertakings and take such other actions as may be necessary or appropriate to cause the Externalized UUCEF to elect to be taxed as a corporation under Subchapter C of the Internal Revenue Code (the "Code") and to be recognized by the Internal Revenue

Service, before commencing operations, as tax-exempt under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and to adopt such amendments (if any) to the Certificate of Organization and the Operating Agreement in connection therewith as may be necessary or appropriate to secure such approval by the Internal Revenue Service;

And it is further moved:

To authorize and direct the Investment Committee, in consultation with the Treasurer and counsel (to the extent the Investment Committee deems necessary or appropriate):

To cause to be made, review and approve such changes in the Investment Information Memorandum (including the related subscription agreement) for the Association's currently existing General Investment Fund, which operates as a business unit of the Association under the name "Unitarian Universalist Common Endowment Fund" (the "Existing Fund"), as may be necessary or appropriate to adapt such Investment Information Memorandum for use as the Investment Information Memorandum of the Externalized UUCEF (the "Externalized Fund Memorandum"), to authorize the submission of a draft of the Externalized Fund Memorandum to the Internal Revenue Service in connection with seeking the approval described above, to approve the utilization of the Externalized Fund Memorandum in such form as the Investment Committee may approve, following the receipt of such approval by the Internal Revenue Service, to solicit exchanges by investors in the Existing Fund of their interests therein for interests in the Externalized UUCEF (the "UUCEF Reorganization"), and to cause to be made, review and approve such further changes in the Externalized Fund Memorandum as the Investment Committee may consider to be necessary or appropriate, on an ongoing basis, to allow the Externalized Fund Memorandum to be used to solicit investments in the Externalized UUCEF following the UUCEF Reorganization;

To cause the Externalized UUCEF to make such filings with and obtain such approvals by any applicable governmental authority, including but not limited to the securities commissioners, or similar authorities, of any state or any agency of the government of the United States, as may be necessary or appropriate to permit the Externalized UUCEF to offer interests therein to Congregations, organizations associated with Congregations and organizations associated with the Association and to operate in the manner contemplated by the Operating Agreement;

In connection with the implementation of the UUCEF Reorganization, to cause the redemption of the interest in the Existing Fund held by any Congregation, organization associated with a Congregation or organization associated with the Association that does not agree to exchange its interest in the Existing Fund for an interest of equivalent value in the Externalized UUCEF in connection with the UUCEF Reorganization;

To cause the Association's assets that constitute part of the Existing Fund to be exchanged for an interest of an equivalent value in the Externalized UUCEF in connection with effectuating the UUCEF Reorganization;

To oversee and make decisions concerning the performance by the Association of its responsibilities as Manager of the Externalized UUCEF, in the manner and subject to the terms of the previous delegations of authority by this Board to the Investment Committee with respect to the Existing Fund, in accordance with the terms of the Certificate of Organization and the Operating Agreement and the policies and procedures described in the Externalized Fund Memorandum, as they may be amended from time to time, including but not limited to the appointment of officers and other agents for the Externalized UUCEF, the investment, disposition and reinvestment of the Externalized UUCEF's assets and the Externalized UUCEF's entry into, and performance and termination of, investment management, custodial, consulting and other agreements, subject to the same obligations of consultation with and approval by the Committee on Socially Responsible Investing that apply to the Existing Fund;

To cause the Association, as Manager of the Externalized UUCEF, to amend the Certificate of Organization, the Operating Agreement and the policies and procedures described in the Externalized Fund Memorandum in accordance with the procedures, and subject to the limitations and restrictions, set forth in the Operating Agreement, to the same extent that the Investment Committee currently possesses the power to amend the Association's policies and procedures applicable to the Existing Fund without the approval of this Board pursuant to previous delegations of authority to the Investment Committee by this Board; and

To exercise the Association's powers as Manager of the Externalized UUCEF to designate such persons or entities as the Investment Committee may deem appropriate as Related Covered Persons entitled to indemnification by the Externalized UUCEF pursuant to Article X of the Operating Agreement, on such terms and conditions consistent with such Article X as the Investment Committee may deem appropriate, provided that such rights of indemnification shall be extended, to the fullest extent permitted by such Article X, to all members of this Board, all members of the Investment Committee, all members of the Committee on Socially Responsible Investing, the Treasurer of the Association, and the Executive Vice President of the Association.

And it is further moved that:

All actions heretofore taken by the Treasurer and members of the Investment Committee in connection with the foregoing matters are hereby authorized, ratified and approved, and the Treasurer and the other officers of the Association, the Investment Committee and the Committee on Socially Responsible Investing, acting on behalf of the Association both in the Association's own capacity and in its capacity as Manager of the Externalized UUCEF, are hereby authorized and

directed to take or refrain from any and all such other actions and to execute any and all such documents, certifications, undertakings or representations, of any type or tenor, as they may deem necessary or appropriate to carry out the intent of the foregoing resolutions, the due authorization thereof to be conclusively established by the taking or refraining from taking of any such action or the execution of any such documents, certifications, undertakings or representation by such persons.

And it is further moved that:

The Board adopts the Bylaws of the Unitarian Universalist Common Endowment Fund, LLC, in the form presented to this meeting.

M (Brody), S, and

VOTED AND PASSED: To approve the **UUCEF Operating Agreement (shown as Appendix A)**

AUDIT COMMITTEE REPORT

Recommendations adopted on February 6, 2012, by the UUA Audit Committee for consideration by the UUA Board. Policies Concerning Expense Reimbursements for President, Moderator, and Board Members.

M (Brody), S, and

VOTED AND PASSED: To amend Section 3.9.4 of the UUA Governance Manual as follows:

4. Only prudently incurred expenses related to volunteer service on behalf of the Board are reimbursable from the Association's budget. The Board shall comply with all provisions of the Association's expense reimbursement policies that are applicable to volunteers who serve on committees. The staff may ask the Moderator to review and approve any reimbursement request from a Board or committee member. The Audit Committee shall designate a committee member to review the Moderator's expense reimbursements at least twice a year, to ensure that they are in compliance with the Association's reimbursement policies.

Deleted: UUA [Unitarian Universalist

Deleted:]

Deleted: Budget and shall be prudently incurred. The Board will establish policies and guidelines for reimbursement.

M (Brody), S, and

VOTED AND PASSED: To amend the final paragraph of the Compliance section of the Audit Committee Charter as follows:

Designate a committee member to review the President's [and Moderator's](#) travel and expense reimbursement reports at least semi-annually [to ensure that they are in compliance with the Association's reimbursement policies.](#)

FINANCE COMMITTEE REPORT

Jeanne Pupke, Chair of the Finance Committee, reported on that committee's discussions on the operating and capital budgets for fiscal years 2013 and 2014. She pointed out that the Board votes to approve the budgets for the upcoming fiscal year and receives the budgets for the following fiscal year. She also reported on steps the Administration is taking under Massachusetts' Uniform Prudent Management of Invested Funds Act, which allows an institution to apply to the Commonwealth's Attorney General to modify the terms of restricted assets in order that they can be used more effectively by the organization when circumstances have changed since the time of the original donation. In order for the Administration to submit request, the Board must provide authorization.

M (Pupke), S, and

VOTED AND PASSED: To approve the fiscal year 2013 operating budget as presented.

M (Pupke), S, and

VOTED AND PASSED: To approve the fiscal Year 2013 capital budget as presented.

M (Pupke), S, and

VOTED AND PASSED: Timothy Brennan, as Treasurer and Chief Financial Officer of the Association be, and he hereby is, authorized to file on behalf of the Association one or more applications with the Office of the Attorney General of the Commonwealth of Massachusetts for administrative equitable deviation with respect to the modification of certain donor imposed restrictions of one or more institutional funds held by the Association that have been in existence for twenty years or longer and have a total value of seventy-five thousand dollars (\$75,000.00) or less, and that he determines necessary or appropriate because such restrictions have become impractical or wasteful, impair the management or investment of the fund, or if, because of circumstances not anticipated by the donor, a modification of such restriction will further the purposes of the fund.

M (Pupke), S, and

VOTED AND PASSED: Timothy Brennan, as Treasurer and Chief Financial Officer of the Association be, and he hereby is, authorized to file on behalf of the Association, one or more applications with the Office of the Attorney General of the Commonwealth of Massachusetts for administrative cy pres with respect to the modification of the charitable purpose of, or certain donor imposed restrictions on the use of, one or more institutional funds held by the Association that have been in existence for twenty years or longer and have a total value of seventy-five thousand dollars (\$75,000.00) or less, and that that he determines necessary or appropriate because such purposes or restrictions have become unlawful, impracticable, impossible to achieve or wasteful.

M (Pupke), S, and

VOTED AND PASSED: Timothy Brennan, as Treasurer and Chief Financial Officer of the Association be, and he hereby is, authorized, empowered and directed in the name of the Association to execute and deliver any and all documents and to do all things which he, in his discretion, deem necessary or advisable to implement the foregoing resolutions.

EXECUTIVE SESSION

The Board voted to go into Executive Session to discuss Committee on Committees' recommendations and, when it returned to regular session, asked that decisions be entered into the regular minutes of the meeting.

M (Bartlett), S, and

VOTED AND PASSED: To appoint the Rev. Jennifer Hamlin-Navias to the Ministerial Fellowship Committee, effective at the close of General Assembly 2012, to complete a term ending at the close of General Assembly 2013.

M (Pupke), S, and

VOTED AND PASSED: Paige Roth to serve as the Chair of the UUA Retirement Plan Committee effective immediately

CLOSING

The meeting was adjourned at 2:30 pm on Sunday, April 22, 2012.

Respectfully submitted,

/s/ Kathleen Montgomery
Recording Secretary

APPENDIX A

UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND, LLC

OPERATING AGREEMENT

_____, 2012

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Limited Liability Company Operating Agreement

This Limited Liability Company Operating Agreement (this "Agreement") is made and entered into as of the ___ day of _____ 2012 by the Unitarian Universalist Association (the "Manager").

Witnesseth:

On _____, 2012, Unitarian Universalist Common Endowment Fund, LLC, a Massachusetts limited liability company (the "Fund"), was formed by causing a Certificate of Organization (the "Certificate of Organization") to be filed with the Secretary of State of The Commonwealth of Massachusetts pursuant to the provisions of the Massachusetts Limited Liability Company Act, Chapter 156C, as it may be amended or succeeded from time to time (the "Massachusetts Act").

The Fund desires to create its Operating Agreement and to provide for the issuance and sale of limited liability Fund interests to the Manager and Unitarian Universalist congregations ("Congregations") affiliated with the Manager, as well as certain other Qualified Entities (as defined herein) that become members of the Fund pursuant to the provisions of this Agreement (together with the Manager, the "Members").

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Article I

Organization and Purpose

1.1 Formation. The Members hereby confirm the formation of the Fund pursuant to the Massachusetts Act, and the rights and obligations of the Members shall be as provided in the Massachusetts Act, the Certificate of Organization and this Agreement.

1.2 Principal Place of Business. The principal office and place of business of the Fund shall be at the offices of the Manager, 25 Beacon Street, Boston, Massachusetts 02108. The Fund may locate its principal office and places of business at any other place or places within Massachusetts that the Manager (the "Manager") may from time to time designate.

1.3 Registered Agent and Registered Office. The name of the Fund's registered agent and the address of the Fund's registered office in The Commonwealth of Massachusetts shall be Unitarian Universalist Association, Attention of Unitarian Universalist Common Endowment Fund, LLC, 25 Beacon Street, Boston, Massachusetts 02108. The registered agent and registered office may be changed by the Manager, from time to time, by filing the name of the new registered agent and/or the address of the new registered office with the appropriate authority as required by applicable law.

1.4 Term. The Fund shall continue in existence until it is dissolved and terminated in accordance with the terms of this Agreement.

1.5 Purpose. The Fund has been organized and shall be operated exclusively for charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). Subject to and in furtherance of the foregoing, and subject to and upon the terms of this Agreement, the purpose of the Fund shall be to serve as an investment vehicle for the assets of the Manager, the Congregations and such other nonprofit entities as may be specified herein and, in furtherance thereof, to engage in such other lawful acts or activities for which limited liability companies may be organized under the Massachusetts Act. The Fund shall not engage in any business or activity not connected with the foregoing purpose. In the course of the Fund's operation:

(a) No part of the net earnings of the Fund shall inure to the benefit of, or be distributable to, its officers, individuals involved in its management or other private persons, except that the Fund shall be authorized and empowered to pay reasonable compensation for services rendered;

(b) No substantial part of the activities of the Fund shall be the carrying on of propaganda, or otherwise attempting to influence legislation (except to the extent permitted pursuant to an election made under Section 501(h) of the Code), and the Fund shall not participate in or intervene in any political campaign (including the publication or distribution of statements) on behalf of or in opposition to any candidate for public office; and

(c) The Fund shall be operated at all times exclusively to further the charitable purposes of the Members and shall not carry on any activities not permitted to be carried on by a corporation exempt from federal income tax and described in Section 501(c)(3) of the Code.

1.6 Title to Property. All Property owned by the Fund shall be owned by the Fund as an entity. No Member shall have any ownership interest in such Property in its individual name, and each Member's interest in the Fund shall be personal property for all purposes. The Fund shall hold title to all of its Property in the name of the Fund and not in the name of any Member.

Article II

Members

2.1 Membership Interests. The beneficial interests in the Fund (each, a "Membership Interest") shall be represented by units (the "Units"), without par value, which shall have the rights and privileges set forth in this Agreement. All Units issued hereunder shall be fully paid and nonassessable. Each Unit shall represent an equal beneficial interest in the net assets the Fund. Members shall have no preemptive or other right to subscribe to any additional Units issued by the Fund. The Manager shall have full power and authority, without obtaining Member approval, to issue original or additional Units and fractional Units in accordance with the provisions of Section 2.2, to redeem or cause the redemption of Units in accordance with Article V and to take such other action with respect to the Units as the Manager may deem desirable in furtherance of the foregoing powers.

2.2 Characteristics of Units. The following provisions shall apply regarding the Units of the Fund established in accordance with Section 2.1:

(a) The number of authorized Units that may be issued shall be unlimited. Units that are re-acquired by the Fund shall be cancelled.

(b) Initial units ("Initial Units") shall be issued to Members ("Initial Members") who consent thereto (in such form as the Manager may specify) upon the reorganization of the General Investment Fund (the "GIF") of the Manager on a date (the "Fund Commencement Date") specified by the Manager for the transfer of the assets of the GIF to the Fund. The number and value of the Initial Units on the Fund Commencement Date shall be equal to the number and value of units of the GIF ("GIF Units") held by Initial Members, and each Initial Member shall be issued on the Fund Commencement Date the same number of Units as the number of GIF Units that such Initial Member held as of the close of business on the business day immediately preceding the Fund Commencement Date (*provided* that the foregoing shall be without prejudice to the right, if any, of a Member to redeem units in the GIF pursuant to the terms of the GIF as of the business day immediately preceding the Fund Commencement Date).

(c) After the Fund Commencement Date additional Units shall be issued to existing or new Members, in recognition of the contribution of money or securities by a Member to the Fund, as of the first business day of the calendar month following the receipt of such money or securities but valued at the Net Asset Value (as defined in Article V) of the Units as of the close of business on the last business day of the preceding calendar month, *provided* that the Manager may in its discretion determine to accept an investment into the Fund by any Member (including the Manager itself in its capacity as a Member) as of any other business day at the Net Asset Value of a Unit as of the close of business on the preceding business day. Pending the investment of money contributed to the Fund pursuant to the foregoing, such money shall be held in an account at a bank selected by the Manager. Contributions to the Fund in the form of securities shall, in the Manager's discretion, either (i) be sold for the account of the investing Member, with the resulting proceeds (net of commissions and other costs of disposition, if any) held and contributed to the Fund as aforesaid, or (ii), if the Manager determines in consultation with one of more the Fund's investment managers and advisers that such securities constitute an appropriate investment by the Fund, be contributed to the Fund on a date determined by the Manager, valued at the fair market value of such securities as determined by the Manager as of the close of business on the preceding business day. The Manager may establish minimum amounts that will be accepted as initial and subsequent contributions to the Fund and may in its discretion waive such minimum amounts.

(d) All consideration received by the Fund for the issue or sale of Units, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form the same may be shall irrevocably belong to the Fund, subject only to the rights of creditors, and shall be so recorded upon the books of account of the Fund.

(e) All dividends or distributions shall be distributed pro rata to the holders of Units in proportion to the number of Units held by such holders at the date and time of record established for the payment of such dividends, *provided* that the Fund shall not distribute any assets to a Member that has ceased to be a charitable organization as defined in Section 3(c)(10) of the Investment Company Act of 1940 (a "Qualified Entity"). As of the last business day of September, December, March and June after a Member's initial investment in the Fund, the Fund shall pay to each Member an amount equal to the number of Units held by the Member multiplied by the average Net Asset Value of a Unit over the previous thirteen quarters multiplied by a percentage elected by the Member (the "Distribution Percentage") specified in the Member's Distribution Election Form (in such form as the Manager may establish), *provided* that a Member may not elect a Distribution Percentage in excess of 6% per annum. In calculating the distribution amount, the percentage chosen by the Member shall be multiplied by the average Unit value as of the end of the previous 13 calendar quarters (including the quarter at the end of which the distribution amount is calculated) regardless of when the Member invested in the Fund, utilizing, to the extent necessary, the valuation of GIF Units for periods prior to the Fund Commencement Date. In calculating the Unit value, the Manager shall reduce the Net Asset Value of the Units at the end of each quarter by 1.5% of such 13-quarter average value (a 6% annual distribution rate (the "Assumed Distribution Rate"). To the extent that a Member chooses a Distribution Rate that is less than the Assumed Distribution Rate, additional Units shall be added to the Member's Unit holdings (at the Unit Net Asset Value in effect after the 1.5% reduction) to account for the surplus of funds not distributed to such Member. Such payments shall be made promptly following the Manager's determination of the value of the applicable date. A Member's elected Distribution Percentage shall remain in effect until changed by the Member through the provision to the Manager of a revised Distribution Election Form at least 30 days prior to the date to which any such change in the elected Distribution Percentage is to apply. If a Member has not provided a Distribution Election Form, no distributions shall be made to that Member (subject, however, to the right of Members to effect redemptions of Units pursuant to Article V). If a Member elects to redeem Units pursuant to Article V, the elected Distribution Percentage shall be applied to the Net Asset Value of the Units being redeemed prior to the redemption to be effected pursuant to Article V. Except as provided in this Section 2.2(e), the Manager shall not be obligated, and shall not be expected, to cause the Fund to pay dividends or distributions.

(f) Notwithstanding any other provision contained herein to the contrary (including Section 2.2(e)), no dividends or distributions may be declared and made if, after giving effect to such distributions, any of the following would occur: (i) the Fund would not be able to pay its debts as they become due in the usual course of business; (ii) the Fund's total assets would be less than its total liabilities; or (iii) such Distribution would otherwise be in violation of the Massachusetts Act.

(g) The Manager may elect to dissolve and liquidate the Fund, in which event the Members holding Units shall be entitled to receive, when and as determined by the Manager, the excess of the assets belonging to the Fund over the liabilities of the Fund. The assets so distributable to the Members shall be distributed among such Members in proportion to the number of Units held by them and recorded on the books of the Fund. The dissolution and liquidation may be authorized by an instrument in writing signed by the Manager.

2.3 Interest Schedule. The Manager shall maintain, or cause to be maintained by the agents of the Fund, a schedule of all Members, their respective names and addresses and the Membership Interest held by each of them or with respect to which they have paid an amount of cash or other contributions of tangible and intangible property to the Fund with respect to such Membership Interest. Such schedule (the "Interest Schedule") shall be amended from time to time in accordance with the terms hereof to reflect purchases and redemptions of Units by Members, the admission of additional Members or any other change in the Membership Interests pursuant to this Agreement. The Manager shall, upon request by any Member, advise such Member of the number of Units, if any, that such Member then holds. Each Membership Interest in the Fund as reflected in the Interest Schedule shall entitle the holder thereof to an interest in the Fund's assets, liabilities, net profits, net losses and the amount of cash or the net fair market value of any property distributed by the Fund to the Member, in each case as specified in this Agreement, together with such right (if any) to vote on, consent to or otherwise participate in such decision or action of or by the Members as expressly provided pursuant to this Agreement or required pursuant to the Massachusetts Act.

2.4 Membership Qualifications. The Manager shall be the Managing Member without augmentation or diminution of its rights, obligations and status as a Member through ownership of Units or as Manager or of the rights, obligations and status of the other Members. Other than the Manager (which may own Units), each Member of the Fund shall, at the time of admission and at all times during its Membership, be a Congregation or, subject to the Manager's discretion, another Qualified Entity that is associated with or was established by the Manager or a Congregation. Other than in the case of the Manager (but solely in its capacity as Managing Member), the status of Member shall be conferred upon acquisition of ownership of Units and shall cease if no Units are owned. The Manager must have been organized and be operated exclusively as a Qualified Entity, and each Congregation or other Member must be able to demonstrate to the Manager's satisfaction that it was and is a Qualified Entity. While a Member of the Fund, each Member shall comply with applicable laws permitting such Member to hold Membership Interests.

2.5 Interest on Membership Interest. No Member shall be paid interest on its Membership Interest except as may be expressly provided herein.

2.6 Limitation of Liability. Each Member's liability shall be limited as set forth in this Agreement, the Massachusetts Act and other applicable law. No Member shall have any responsibility to return dividends or distributions made by the Fund except as required by the Massachusetts Act or other applicable law and, in any event, only if a claim is made in accordance with the Massachusetts Act within two (2) years from the date of the Distribution or as otherwise provided by applicable law. Except as otherwise expressly required by law, no Member shall have any liability in excess of (i) the amount of its payments to the Fund to the purchase Units, if any, and (ii) the amount of any distribution wrongfully distributed to such Member. Except as required by the Massachusetts Act, the debts, obligations and liabilities of the Fund, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Fund, and no Member, Manager, officer or other agent of the Fund shall be obligated personally for any such debt, obligation or liability of the Fund solely by reason of such status. The failure of the Fund to observe any formalities or requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the

Massachusetts Act shall not be grounds for imposing personal liability on the Members for liabilities of the Fund. Except as otherwise provided by the Massachusetts Act, by applicable law or this Agreement, no Member, in its capacity as a Member, shall have any fiduciary or other duty to another Member with respect to the business and affairs of the Fund, and no Member shall be liable to the Fund or any other Member for relying in good faith upon the provisions of this Agreement. The limitation on liability set forth in the preceding sentence applies solely with respect to each Member's capacity as a Member of the Fund and does not affect any duty owed or liability incurred by a Member by virtue of such Member serving in any capacity other than as a Member with respect to the Fund.

2.7 Limitation on Authority of Members. No Member shall be an agent of the Fund solely by virtue of being a Member, and no Member shall have authority to act for the Fund solely by virtue of being a Member. Other than the Manager, no Member, regardless of whether authorized to do so by other Members, shall have power to bring suit on behalf of the Fund.

Article III

Meetings Of Members

3.1 Meetings. Special meetings of all Members may be called for any purpose or purposes by the Manager. In addition, solely if (i) the Manager elects to terminate and dissolve the Fund pursuant to Article XI but is unwilling or unable to perform the duties specified therein in connection with such liquidation and dissolution or (ii) the Manager gives notice that it intends to resign as Manager pursuant to Section 4.9 but does not designate a replacement Manager in accordance therewith or call a meeting of Members to designate a replacement Manager, a meeting of all Members may be called to designate a replacement Manager and to take such other actions as the Members may deem necessary under such circumstances (including amending the provisions of this Agreement) by any one or more of the Members holding at least 10% of the outstanding Units.

3.2 Place of Meetings. The place of meeting shall be the principal office of the Fund unless the Member or Members who called the meeting (if permitted to do so pursuant to Section 3.1) designate any other place within Massachusetts as the place of meeting. Meetings of Members may be held in person or by use of any means of communication by which all Members participating in the meeting may hear each other, including conference telephone or via the worldwide web.

3.3 Notice of Meetings; Waiver of Notice. Written notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called shall be delivered no less than 10 days nor more than 30 days before the date of the meeting, by or at the direction of the Manager or the Members calling the meeting, to each Member entitled to vote at the meeting. When any notice is required to be given to any Member, a waiver of the notice in writing signed by the Member entitled to the notice, whether before, at or after the time stated therein, shall be equivalent to the giving of the notice. Notices shall be given as specified in Section 13.1. The notice of a meeting at which action may be taken by vote of the Members shall specify a record date for the determination of the number of Units held by each Member, as

specified in Section 3.4, which date shall not be earlier than the beginning of the calendar month preceding the date of notice of the meeting.

3.4 Quorum and Required Vote. For any meeting of the Members at which action may be taken by vote of the Members, the presence in person or by proxy of a majority of the outstanding Units shall constitute a quorum for the transaction of business. The affirmative vote in person or by proxy of a majority of the outstanding Unit held by Members represented at a meeting shall be required to approve any action thereat unless a greater or a different vote is required by the Massachusetts Act or is provided for by this Agreement. The Manager may, and in case of doubt shall, require evidence of the right of a Person (as used in this Agreement, the term "Person" shall bear the meaning, referring to individuals or entities of any kind, given to it in the Massachusetts Act) to represent a Member or to act as proxy for a Member.

3.5 Action by Members Without a Meeting. Action required or permitted to be taken at a meeting of Members may be taken without a meeting only if all Members consent to such action unanimously in writing.

Article IV

Management

4.1 Manager. The business and affairs of the Fund shall be managed under the direction and control of the Manager. The Unitarian Universalist Association is hereby designated as the Manager and shall hold office until the earlier of its resignation or judicial removal. No other Person shall have any right or authority to act for or bind the Fund except as permitted in this Agreement or as required by law.

4.2 Duty of Care; Liability. The Manager shall perform its duties in good faith, in a manner it reasonably believes to be in the best interests of the Fund and with such care as an ordinarily prudent person in a like position would use under similar circumstances. The Manager shall not be liable to the Fund or to any Member for any loss or damage sustained by the Fund or any Member unless the loss or damage was the direct result of the Manager's bad faith, gross negligence, willful misconduct or reckless disregard in the performance of its duties hereunder. In discharging its duties, the Manager shall be fully protected in relying in good faith upon the records required to be maintained under this Agreement and upon such information, opinions, reports or statements by any of the Members, officers or their agents, or by any other Person as to matters the Manager reasonably believes are within such other Person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Fund, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Fund or any other facts pertinent to the existence and amount of Fund property from which distributions might properly be paid.

4.3 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Fund. The Manager shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts and the Persons who will have authority with respect to the accounts and the funds therein.

4.4 By-Laws. The Manager may adopt by-laws or other regulations not inconsistent with this Agreement to provide for the conduct of the business of the Fund and may amend or repeal such by-laws or regulations. In the event of any conflict between any such by-laws or regulations and the provisions of this Agreement, the provisions of this Agreement shall govern.

4.5 General Powers. Subject to the restrictions and specifications set forth in this Agreement, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Fund, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Fund in furtherance of the Fund's business as an investment fund. The Manager shall act in accordance with the provisions of this Agreement and in accordance with the internal procedures of the Manager that are described in the Fund's Investment Information Memorandum that is prepared by the Manager and distributed to Members from time to time (as such Memorandum may be periodically amended in accordance with Section 13.7, the "Investment Information Memorandum"). The Manager shall have the power:

(a) to employ or contract with such Persons as the Manager may deem desirable for the transaction of the business of the Fund, including, without limitation, administrative personnel and services to operate the Fund on a daily or other basis, on such terms and conditions as the Manager may in its discretion determine;

(b) to delegate from time to time to officers, employees or agents of the Fund the doing of such things and the execution of such instruments either in the name of the Fund or the name of the Manager or otherwise as the Manager may deem expedient;

(c) to remove or fill vacancies in or add to their number, elect and remove such officers and appoint and terminate such agents or employees as it considers appropriate;

(d) to incur and pay any expenses that in the opinion of the Manager are necessary or incidental to carry out any of the purposes of this Agreement, and to fix the compensation of all officers and employees of the Fund (if any);

(e) to collect all property due to the Fund; to pay all claims, including taxes, against the Fund out of the Fund's assets; to prosecute, defend, compromise or abandon any claims relating to the Fund; to foreclose any security interest securing any obligations, by virtue of which any property is owed to the Fund; and to enter into releases, agreements and other instruments;

(f) to purchase, and pay for out of Fund's assets, insurance policies insuring the Members, the Manager and officers, employees, agents, investment advisers or independent contractors of the Manager or the Fund against all claims arising by reason of holding any such position or by reason of any action taken by any such Person in such capacity, whether or not constituting negligence, or whether or not the Fund would have the power to indemnify such Person against such liability;

(g) to indemnify any Person with whom the Fund has dealings, including any Investment Adviser or broker, to such extent as the Manager may determine; and

(h) to determine and change the fiscal year of the Fund and the method by which the accounts shall be kept.

4.6 Investments. The Manager shall have the power on behalf of the Fund to:

(a) Subscribe for, invest in, reinvest in, purchase or otherwise acquire, hold, sell, assign, transfer, exchange, distribute, lend or otherwise deal in or dispose of negotiable or non-negotiable instruments, securities, obligations, evidences of indebtedness, certificates of deposit or indebtedness, commercial paper, repurchase agreements, reverse repurchase agreements, options, commodities, commodity futures contracts and related options, currencies, currency futures and forward contracts and related securities, investment contracts and other instruments of any kind, including, without limitation, those issued, guaranteed or sponsored by any and all Persons, including, without limitation, states, territories and possessions of the United States, the District of Columbia and any of the political subdivisions, agencies or instrumentalities thereof, and by the United States Government or its agencies or instrumentalities, foreign or international instrumentalities, or by any bank or savings institution, or by any corporation or organization organized under the laws of the United States or of any state, territory or possession thereof, and of corporations or organizations organized under foreign laws, or in "when issued" contracts for any such securities, or retain Fund assets in cash and from time to time change the investments of the assets of the Fund, and to exercise and all rights, powers and privileges of ownership or interest in respect of any and all such investments of every kind and description, including, without limitation, the right to consent and otherwise act with respect thereto, with power to designate one or more Persons to exercise any of said rights, powers and privileges in respect of any of said instruments. The Fund's assets may only be transferred to (whether directly or indirectly) any Person in exchange for fair market value, as determined in good faith by the Manager or any investment adviser retained by the Manager to act on behalf of the Fund pursuant to Section 4.12.

(b) Notwithstanding any other provisions of this Agreement to the contrary, the Fund shall have the power in its discretion without any requirement of approval by Members to invest all or part of the assets of the Fund in one or more other investment funds.

(c) The Manager shall not be limited to investing in obligations maturing before the possible termination of the Fund, nor shall the Manager be limited by any law limiting the investments that may be made by fiduciaries.

4.7 Expenses; Compensation to Manager. The Fund shall bear and be responsible for all expenses relating to the operation of the Fund incurred by it or on its behalf. The Manager shall be reimbursed for direct and indirect expenses incurred by it in the administration of the Fund, including any incremental salary or benefit expenses incurred by the Manager in employing personnel to provide services to the Fund and any other incremental expenses in connection with such administration, in each case as described from time to time in the Investment Information Memorandum.

4.8 No Borrowing; Other Restrictions. The Fund shall have no power to borrow money or otherwise obtain credit or to subject as security the assets of the Fund or to endorse, guarantee or undertake the performance of any obligation, contract or engagement of any other

Person. Without limitation of the foregoing restrictions, the Manager shall assure that Fund does not engage in any activity or make any investment that could give rise to the generation of unrelated business taxable income, as defined in Sections 511-514 of the Code, or any subsequent or replacement provisions thereof, *provided* that the assets of the Fund may be invested in a leveraged investment vehicle in such a manner as to not give rise to the generation of such income.

4.9 Resignation. The Manager may not resign from its position as such except upon the dissolution of the Fund or appointment of a replacement Manager by the Manager or the Members. Any such replacement Manager shall be required to be a charitable organization within the meaning of Section 3(c)(10) of the Investment Company Act of 1940.

4.10 Other Activities. The Manager may engage in and possess interests in other business ventures and investment opportunities of every kind and description, independently or with others, including serving as the manager of other investment vehicles similar to the Fund. Neither the Fund nor any Member shall have any rights in or to such ventures or opportunities or the income or profits therefrom.

4.11 Determination by Manager of Certain Matters. All matters concerning the valuation of any Membership Interests, Units or rights and all accounting procedures not specifically and expressly provided for by the terms of this Agreement shall be determined by the Manager. Such determinations by the Manager, so long as made in good faith, shall be final and conclusive as to all of the Members.

4.12 Investment Advisers. The Manager may delegate discretionary management authority to one or more investment advisers registered as such under federal or state law or to a commercial bank to the extent and in the manner specified in the Investment Information Memorandum. In furtherance of and subject to the foregoing, the Manager may from time to time enter into one or more investment advisory or management contracts whereby the other party or parties to any such contracts undertake to furnish the Fund such management, investment advisory, administration, accounting, legal, statistical and research facilities and services and such other facilities and services as the Manager may from time to time consider desirable, all upon such terms and conditions as the Manager may in its discretion determine.

4.13 Custodians. The Manager shall appoint or otherwise engage one or more banks or trust companies, each having an aggregate capital, surplus and undivided profits (as shown in its last published report) of at least \$100,000,000, to serve as custodian for the Fund's assets with authority as the Fund's agent. Other than interests in mutual funds that are held through a registered account at the mutual fund's transfer agent, bank accounts and uncertificated instruments, such as interests in private investment funds, that are not issued through a nominee ownership structure, all assets of the Fund must be held in a segregated custodial account of such a bank or trust company.

4.14 Parties to Contract. Any contract may be entered into with any Person, although one or more of the Manager or officers of the Fund may be an officer, director, trustee or member of such other party to the contract, and no such contract shall be invalidated or rendered voidable by reason of the existence of such relationship nor shall any Person holding such

relationship be liable merely by reason of such contract provided that the contract when entered into was not inconsistent with the provisions of this Article IV.

Article V

Member Redemptions and Withdrawals

5.1 **Redemption.** Each Member shall have the right to require the Fund to redeem all or any portion of its Units as of the last business day of each month (a "**Redemption Date**") on notice in such form as may be specified by the Manager of at least 30 days prior to the applicable Redemption Date if the Member wishes to withdraw more than \$100,000 and at least 10 days prior to the applicable Redemption Date if the Member wishes to withdraw \$100,000 or less. Redemption proceeds shall be paid only in cash. Subject to the foregoing, the Fund shall, upon application of any Member or pursuant to authorization from any Member, redeem such Member's outstanding Units for an amount per Unit equal to the Net Asset Value thereof. Upon a Member's redemption of all of its outstanding Units (either at the instance of such Member or upon a required redemption and withdrawal at the instance of the Manager pursuant to Section 5.2), that Member shall ipso facto be deemed to have withdrawn as a Member.

5.2 **Redemption at the Option of the Manager.** The Manager may require a Member's immediate withdrawal as a Member and the redemption of that Member's Units if a majority of the Manager's Investment Committee (as defined in the Investment Information Memorandum) determines in its discretion that the Member is not a Qualified Entity. In addition, the Manager shall have the right in its discretion to require a Member's withdrawal and the redemption of that Member's Units on such notice as the Manager may in its discretion determine if a majority of the Manager's Investment Committee determines that such withdrawal and redemption is advisable in view of a Member's noncompliance with this Agreement or the Member's terms of subscription for Units or any other conduct by a Member that is deemed detrimental to the Fund.

5.3 **Effect of Suspension of Determination of Net Asset Value.** If, pursuant to Section 5.4, the Manager declares a suspension of the determination of Net Asset Value with respect to Units of the Fund thereof, the rights of Members (including those who have applied for redemption pursuant to Section 5.1 but who shall not yet have received payment) to have Units redeemed and paid for by the Fund shall be suspended until the termination of such suspension is declared. Any Member whose redemption right is so suspended may, during the period of such suspension, by appropriate written notice revoke any application for redemption not honored. The redemption price of Units for which redemption applications have not been revoked shall be the Net Asset Value of such Units next determined as set forth in Article VI after the termination of such suspension.

5.4 **Suspension or Restriction of Right of Redemption.** The Manager may declare a suspension of the right of redemption or postpone the date of payment or redemption during the occurrence of one or more of the following circumstances: (i) one or more U.S. or foreign stock exchanges or other markets on which a significant portion of the Fund's investments are listed or quoted, and which constitute the primary markets for such investments, are closed for any reason other than that of an ordinary holiday, or transactions at such exchanges are restricted or suspended; (ii) the existence of a war, natural catastrophe or any like state of affairs that

constitutes an emergency as a result of which disposal of investments on behalf of the Fund is not possible in an orderly manner; (iii) any means of communications necessary to determine the price or value of any of the Fund's investments do not function; (iv) the transfer of funds involved in the realization or acquisition of any investments is, in the judgment of the Manager, not possible at normal rates of exchange; (v) a resolution is passed to dissolve the Fund or of the filing of a petition to wind up the Fund; or (vi) the redemption or withdrawal of funds from any investment fund that constitutes a material portion of the Fund's investments is materially restricted, impaired or delayed, including, without limitation, by reason of any of the foregoing or the applicable requirements of any regulatory authority. Such suspension shall take effect at such time as the Manager may specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption or payment on redemption until the Manager declares the suspension at an end. In the case of a suspension of the right of redemption, a Member may either withdraw its request for redemption or receive payment based on the net asset value existing after the termination of the suspension.

Article VI

Determination Of Net Asset Value

The net asset value ("Net Asset Value") of the Fund and each outstanding Unit shall be determined as of the close of business on the last business day of each calendar month and on such other days and at such time or times as the Manager may determine. The Net Asset Value shall be equal to the excess of the value of the Fund's assets over the amount of its liabilities, determined in accordance with U.S. generally accepted accounting principles, applied on a consistent basis, as attributable to each Unit.

Article VII

Tax Status

The Fund shall elect to be taxed as a corporation under Subchapter C of the Code but shall, before commencing operations, be required to be recognized by the Internal Revenue Service as tax-exempt under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code.

Article VIII

Accounting; Books and Records; Reports

The Manager shall establish such books, records and accounts for the Fund as are required by law and as are customary for businesses similarly situated and as accurately reflect the financial condition of the Fund and the results of its operations in accordance with generally accepted accounting principles consistently applied. The books and records of the Fund may be inspected and/or copied by any Member, at the Member's own expense, during ordinary business hours and for proper purposes. The Manager shall at prepare and provide the Members with (i) such monthly written reports of the Fund's results of operation as the Manager in its discretion

deems appropriate and (ii) audited annual financial statements within 150 days after the close of each fiscal year.

Article IX

Transferability

9.1 **Restriction on Transfer.** No Member shall have the right to sell, assign, transfer, exchange, pledge, encumber or otherwise dispose of or grant any right whatsoever in or to (collectively, a "**Transfer**"), with or without consideration, all or any part of the Membership Interest owned or held by such Member. Notwithstanding the foregoing, the Manager may give consent for a Transfer to a Qualified Entity (a "**Permitted Transferee**"), subject to such requirements as the Manager may reasonably impose to assure that such transfer gives rise to no adverse consequences under this Agreement or to any other Member. Any Membership Interest transferred hereunder shall nevertheless remain subject to the terms of this Agreement in the hands of the Permitted Transferee, and, prior to the registration of such Permitted Transferee as the record owner of such Membership Interest, the conditions set forth in this Agreement must be satisfied and the Permitted Transferee must sign and deliver to the Fund a written agreement to be bound by the terms of this Agreement.

9.2 **Admission of Transferee Members.** A transferee of all or any portion of a Member's Membership Interest (a "**Transferee Member**") shall become a Transferee Member only if and when all of the following conditions are satisfied:

(a) the Manager receives written instruments that are in form and substance satisfactory to the Manager, as determined in its discretion, including, without limitation, a counterpart signature page to this Agreement duly executed by such transferee; and

(b) such transferee furnishes the Manager with such information or documentation as the Manager may reasonably request.

9.3 **Required Transfers.** In the event that a Member ceases to be a Qualified Entity, such Member shall be required to sell its Units to another Qualified Entity within 90 days of loss of Qualified Entity status.

Article X

Indemnification

10.1 **Definitions.** For purposes of this Article X, each of the following terms shall have the meaning ascribed to such terms in this Section 10.1:

(a) **Affiliate.** "**Affiliate**" means, with respect to any Person, any Person that directly or indirectly Controls, is Controlled by or is under common Control with the specified Person. As used in the definition of Affiliate, the term "**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction or the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(b) Fund Covered Person. “Fund Covered Person” means and includes any former, current or future Member and any former, current or future Manager.

(c) Related Covered Person. “Related Covered Person” means any former, current or future Affiliate, partner, director, officer, employee, representative or agent of the Fund, of the Manager or of any Affiliate of the Fund.

(d) Proceeding. “Proceeding” means and includes any threatened, pending or completed demand, mediation, arbitration, suit, cause of action, action or other proceeding, whether civil, criminal, administrative or investigative in nature, including any inquiries, preparation or defense related thereto, to which a Fund Covered Person is a party or in which a Fund Covered Person is otherwise involved. Without limiting the generality of the foregoing, Proceedings expressly include any Proceeding brought by the Fund against such Fund Covered Person or brought in the right of the Fund by any Person against such Covered Person..

(e) Claims. “Claim” means and includes any claim, loss, damages, liability, judgment, fine, settlement, compromise, award, cost, expense or other amount incurred, arising from or otherwise related to any Proceeding, including, without limitation, any attorney fees or costs, expert witness fees or costs incurred in such Proceeding and any costs or expenses incurred in connection or otherwise related to such Fund Covered Person’s establishment of a right to exculpation or indemnification in such Proceeding under this Article X.

10.2 Indemnification. Except as limited by law and subject to the provisions of this Section 10.2, each Fund Covered Person shall be entitled to be indemnified and held harmless on an as-incurred basis by the Fund (but only after first making a claim for indemnification available from any other source and only to the extent indemnification is not provided by that source) to the fullest extent permitted under the Massachusetts Act, as amended from time to time (but, in the case of any such amendment, only to the extent (subject to applicable law) that such amendment permits the Fund to provide broader indemnification rights than such law permitted the Fund to provide prior to such amendment), against all Claims arising from any Proceeding in which such Fund Covered Person may be involved, as a party or otherwise, by reason of such Fund Covered Person being or having been a Manager or a Member of the Fund, *provided* that such right of indemnification shall not extend to actions by a Fund Covered Person constituting bad faith, gross negligence, willful misconduct or reckless disregard in the performance of its duties hereunder or otherwise in relation to the Fund or to conduct with respect to which a Fund Covered Person is found not to have acted in good faith in the reasonable belief that its action was in the best interest of the Fund (“Disabling Conduct”).

10.3 Limit on Indemnification. Notwithstanding Section 10.2 to the contrary, no Fund Covered Person shall be entitled to indemnification in any Proceeding under Section 10.2 to the extent that such Fund Covered Person initiated the Proceeding unless such Proceeding was brought to enforce such Fund Covered Person’s rights to indemnification hereunder.

10.4 Advancement of Expenses. Costs and expenses actually and reasonably incurred by a Fund Covered Person in any Proceeding may, at the sole and absolute discretion of the Manager, be paid by the Fund in advance of final disposition of such Proceeding, provided that the Fund has received an undertaking by or on behalf of such Fund Covered Person to repay such

amount if it is ultimately determined that such Fund Covered Person is not entitled to indemnification under Section 10.2.

10.5 Tender of Defense. Any Fund Covered Person may tender defense of any Proceeding or make demand for indemnification under this Article X by providing written notice in accordance with this Agreement to the Manager.

10.6 No Presumption. The termination of any Proceeding by a judgment, decree, order, injunction, settlement, compromise, award, conviction or upon a plea of nolo contendere (or its equivalent) shall not, of itself, create a presumption that a Fund Covered Person engaged in Disabling Conduct.

10.7 Successful Defense. To the extent that any Fund Covered Person is successful on the merits in defense of any Proceeding, such Fund Covered Person shall be deemed and considered entitled to indemnification under Section 10.2.

10.8 No Duplicate Payments. The Fund's indemnification of any Fund Covered Person pursuant to this Article X shall be reduced by any amounts such Fund Covered Person receives as indemnification: (i) under any policy of insurance purchased and maintained on his or her behalf by the Fund; (ii) from another corporation, partnership, joint venture, trust or other enterprise; or (iii) under any other applicable indemnification provision.

10.9 Standard of Conduct. The determination that any Fund Covered Person has met or not met the applicable standard of conduct required by Section 10.2 may be made by a finding, judgment, order or decree of any court or other presiding authority in any Proceeding, whether upon application of the Fund or of such Fund Covered Person.

10.10 Nonexclusive Remedy. The rights and remedies under this Article X shall not be deemed or considered exclusive of or (in any way) diminish, limit, restrict alter or otherwise adversely affect any other right to exculpation or to indemnification or any other right or remedy available to any Fund Covered Person under any agreement, any applicable law or otherwise, both with respect to acts or omissions in an official capacity and acts or omissions in a separate capacity while holding such official capacity.

10.11 Survival of Rights. The rights and remedies under this Article X shall survive and continue for any Person who has ceased to be a Fund Covered Person for any act committed or omission made while a Fund Covered Person and shall inure to the benefit of the heirs, executors and administrators of such Person.

10.12 Amendments. Any repeal or modification of this Article X shall not adversely affect any right or remedy of a Fund Covered Person pursuant to this Article X, including the right to indemnification of a Fund Covered Person, existing at the time of such repeal or modification with respect to any act or omission occurring prior to such repeal or modification.

10.13 Extension of Indemnification Rights to Related Covered Persons. Subject to such exceptions and qualifications as the Manager may in its discretion determine to be appropriate, the Manager may, but shall not be required to, extend rights of indemnification cognate with those provided to Fund Covered Persons under this Article X to Related Covered Persons, either

as a matter of contractual right or in response to particular circumstances (including the initiation of a Proceeding), and the Fund shall be bound by, and entitled to the benefit of, the terms of any right of indemnification on the part of an investment manager, custodian or other third party service provider to the Fund pursuant to an applicable agreement with any such Person regardless of any inconsistency of any such terms with the rights of indemnification that such Person would have if covered by this Article X.

Article XI

Dissolution and Termination

11.1 Dissolution. The Fund shall be dissolved upon the occurrence of any one of the following events: (a) the election of the Manager in its discretion (but only acting on the decision of the Manager's Board of Directors), (b) the written consent of all Members or (c) the judicial or administrative dissolution of the Fund pursuant to the Massachusetts Act. Except as otherwise set forth in this Article XI, the Members intend for the Fund to have perpetual existence. Notwithstanding any other provision contained herein to the contrary, the Fund shall not be dissolved pursuant to this Section 11.1 if such dissolution would be in violation of applicable law.

11.2 Effect of Dissolution. Upon an event of dissolution, the Fund shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until the activities set forth in Section 11.3 have been completed. As soon as possible following the occurrence of any of the events specified in Section 11.1 effecting the dissolution of the Fund, the Manager shall cause a certificate of cancellation, in such form as shall be prescribed by the Massachusetts Act, to be executed and filed with the Massachusetts Secretary of State.

11.3 Liquidation. Upon dissolution of the Fund, an accounting shall be made of the accounts of the Fund and of the Fund's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Fund. If the Fund is dissolved and its affairs are to be wound up, the Manager shall:

- (a) Sell or otherwise liquidate all of the Fund's assets as promptly as practicable;
- (b) Allocate any net profits or net losses resulting from such sales to the Members in accordance with this Agreement;
- (c) Discharge all liabilities of the Fund, other than liabilities to Members for Distributions, and establish such reserves as may be reasonably necessary to provide for contingencies or liabilities of the Fund; and
- (d) Distribute the remaining assets to the Members, either in cash or in kind, in proportion to their holdings of Units at the time of distribution, *provided* that the Fund shall not distribute any assets to a Member that has ceased to be a Qualified Entity.

11.4 Return of Contributions Nonrecourse to Other Members. Except as provided by law or as expressly provided in this Agreement, upon dissolution each Member shall look solely to the assets of the Fund for the return of its Membership Interests. The Members shall have no recourse against any other Member.

Article XII

Reversionary Clauses

12.1 With Respect to the Fund. In the event of dissolution of the Fund, any assets remaining in the Fund shall be distributed to its Members that are Qualified Entities in accordance with the provisions of Section 11.3.

12.2 With respect to Members. If a Member ceases to be a Qualified Entity and that Member continues to hold Units at the time of such cessation, after all outstanding debts are of the Member are paid, and provided that the Manager is an organization described in Section 501(c)(3) of the at such time, the undivided portion of the Net Asset Value of the Fund attributable to such Member's then outstanding Units shall become the property of the Manager, or its successor, subject to all applicable laws. Under such circumstances, with the prior written approval of the Manager, such Member may recommend to the Manager another Unitarian Universalist organization that is a Qualified Entity (such as a district, camp, conference center or congregation) as the recipient of an amount equal to the undivided portion of the Net Asset Value of the Fund attributable to such Member's outstanding Units, which recommendation shall be given strong consideration by the Manager.

Article XIII

Miscellaneous Provisions

13.1 Notices. Any notice or demand that, by any provision of this Agreement or any agreement, document or instrument executed pursuant hereto, except as otherwise provided therein, is required or provided to be given shall be deemed to have been sufficiently given or served and received for all purposes when delivered in writing by hand, by facsimile transmission (including a scanned document attached to an email), by email or one business day after being sent by overnight delivery providing receipt of delivery, in each case to the address indicated in a Member's subscription agreement (and, in the case of notices to the Fund or the Manager, to such address as the Manager may provide), as any such address may be updated from time to time by the Person that provided it.

13.2 Further Action. Each Member hereby agrees to execute and deliver to the Fund within 5 days after receipt of a written request therefore such other and further documents and instruments, statements of interest and holdings, designations, powers of attorney and other instruments and to take such other action as the Manager deems necessary, useful or appropriate to comply with any laws, rules or regulations as may be necessary to enable to the Fund to fulfill its responsibilities under this Agreement.

13.3 Waiver of Action for Partition. Each Member irrevocably waives any right that he, she or it may have to maintain any action for partition with respect to the property of the Fund.

13.4 No State Law Partnership. The Members intend that the Fund not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member for any purposes, and the provisions of this Agreement may not be construed to suggest otherwise.

13.5 Successors and Assigns; Rights and Remedies Cumulative. Each and all of the covenants, terms, provisions and agreements contained in this Agreement shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective legal representatives, successors and permitted assigns, *provided* that the Fund shall not merge with or convert to a for-profit entity. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

13.6 Governing Law; Severability; Counterparts. This Agreement, and the application or interpretation hereof, shall be governed exclusively by its terms and by the internal laws of The Commonwealth of Massachusetts, and specifically the Massachusetts Act. This Agreement shall be considered the "Limited Liability Company Agreement" of the Fund. To the extent this Agreement is inconsistent in any respect with the Massachusetts Act, this Agreement shall control unless prohibited under the Massachusetts Act. If any provision of this Agreement or its application to any Person or circumstance is found to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and its application shall not be affected and shall be enforceable to the fullest extent permitted by law. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

13.7 Amendment. Except as provided in Section 3.1 and Section 10.12, this Agreement, the Certificate of Organization and the policies and procedures of the Manager described in the Investment Information Memorandum may be amended only by the Manager in accordance with the provisions of this Section 13.7, *provided* that neither the Manager nor the Members may take any action that would (1) change the relative economic interest of a Member in the Units without the consent of all the affected Members or (2) amend preceding clause (1) without the unanimous agreement of all Members, and *provided further* that any amendments to the Certificate of Organization or this Agreement must be consistent with Section 501(c)(3) of the Code. Subject to the preceding sentence and the last sentence of this Section 13.7, the Manager may amend this Agreement and the policies and procedures of the Manager described in the Investment Information Memorandum upon prior written notice to the Members setting forth the proposed amendment. Such notice of the amendment shall be delivered at least 90 days prior to a designated date as of which the amendment shall take effect, and each Member shall have the right to redeem, upon not less than 30 days' notice (notwithstanding any other notice period for redemption provided for in this Agreement or provisions of the Investment Information Memorandum), all or any portion of the Subscriber's Units. Either the Manager or the Subscriber may waive, but only in writing, any notice or notice period qualification provided

for hereunder. Notwithstanding the foregoing provisions of this Section 13.7, the Manager may amend this Agreement and the policies and procedures of the Manager described in the Investment Information Memorandum in the following respects without notice to the Members: (1) in any manner that is necessary or desirable to cure any ambiguity, or to correct or supplement any provision in this Agreement or such policies and procedures that would otherwise be inconsistent with any other provision in this Agreement or such policies and procedures, or to otherwise provide for matters or questions arising under this Agreement or such policies and procedures, so long as such change shall not be inconsistent with the provisions of this Agreement or such then existing policies and procedures and so long as such change does not adversely affect the Members in any material respect, and (2) in any manner that is necessary in the Manager's reasonable judgment to allow the Fund to continue to qualify as an organization described in Section 501(c)(3) of the Code.

13.8 Waivers. The failure of any party to seek redress for violation, or insist upon the strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act that would have originally constituted a violation from having the effect of an original violation. For the purposes of this Agreement and all agreements, documents and instruments executed pursuant hereto, no course of dealing between the Fund and the Members and no delay on the part of any party hereto in exercising any rights hereunder or thereunder shall operate as a waiver of the rights hereof or thereof.

13.9 No Third Party Rights. This Agreement is entered into among the Fund and the Members for the exclusive benefit of the Fund, the Members and their successors and assignees. This Agreement is expressly not intended for the benefit of any creditor of the Fund or any other Person. Except and only to the extent provided by applicable statute, no such creditor or third party shall have any rights under this Agreement or any agreement between the Fund and the Members with respect to any investment, contribution or otherwise.

13.10 Jurisdiction. Except as otherwise expressly provided in this Agreement, the parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the District of Massachusetts or, if such court does not have jurisdiction over the subject matter of such proceeding or if such jurisdiction is not available, in the appropriate courts of The Commonwealth of Massachusetts located in Suffolk County, Massachusetts, and each of the parties hereby consents to the exclusive jurisdiction of those courts (and of the appropriate appellate courts therefrom) in any suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding in any of those courts or that any suit, action or proceeding brought in any of those courts has been brought in an inconvenient forum. Process in any suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any of the named courts. Without limiting the foregoing, each party agrees that service of process on it by notice as provided in Section 13.1 shall be deemed effective service of process.

13.11 Accounting Terms and Determinations. All accounting terms used in this Agreement and not otherwise defined shall have the meaning accorded to them in accordance

with generally accepted accounting principles (“GAAP”) in the United States of America and, except as expressly provided herein, all accounting determinations shall be made in accordance with GAAP, consistently applied.

13.12 Interpretation. Unless the context otherwise requires, references to sections and articles in this Agreement are to sections and articles of this Agreement.

13.13 Waiver of Trial by Jury. **To the extent they may legally do so, the Fund and the Members hereby expressly waive any right to trial by jury of any claim, demand, action, cause of action or proceeding arising under or with respect to this Agreement or in any way connection with, related to or incidental to the dealings of the parties hereto with respect to this Agreement or the transactions related thereto, in each case whether now existing or hereafter arising, and irrespective of whether sounding in contract, tort or otherwise. To the extent they may legally do so, the Fund and the Members hereby agree that any such claim, demand, action, cause of action or proceeding shall be decided by a court tribunal without a jury and that any party hereto may file an original counterpart or a copy of this section with any court as written evidence of the consent of the other party or parties hereto to waiver of its or their right to trial by jury.**

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, the undersigned have executed this Limited Liability Company Operating Agreement, as amended, as of the date first set forth above.

Fund: UNITARIAN UNIVERSALIST COMMON ENDOWMENT FUND, LLC

By: UNITARIAN UNIVERSALIST ASSOCIATION

By: _____
Name:
Title:

Managing Member: UNITARIAN UNIVERSALIST ASSOCIATION

By: _____
Name:
Title:

BOARD OF TRUSTEES SCHEDULE

*The board normally meets as follows in **January** and **April**:*

Thursday: Committee Day: Right Relationship Monitoring Committee; Committee on Committees; and Finance Committee meet. Whole board activities begin with Thursday dinner.

Friday: Working Group Day

Saturday: Board meeting

Sunday: Board meeting followed by Coordinating Council meeting

*In **June**, the Board meets before and after the General Assembly. The schedule allows Board member participation in UU University and UUMA Ministry Days. Working groups normally do not meet at the June meeting. In election years (odd years), newly elected trustees must attend Anti-Racism / Anti-Oppression training for leaders following General Assembly.*

*In **October**, the Board meeting is one day longer, with Committee Day on Wednesday. In October of odd-numbered years (2009, 2011...) the Board meeting is preceded by a retreat for new board members beginning on Tuesday or Wednesday.*

June 2012, Phoenix, AZ:

Tuesday, June 19 – Wednesday, June 20 – Board of Trustees meeting

Wednesday, June 20 – Sunday June 24 – General Assembly

Monday, June 25 – Board of Trustees meeting

(Board packet deadline: **May 18, 2012**)

October 2012, Boston, MA

Wednesday, October 17 - Committees

Thursday, October 18

Friday, October 19 – Working Groups

Saturday, January 20 – Sunday, January 21 - Board of Trustees meeting

(Board packet deadline: **September 17, 2012**)

January 2013, Philadelphia, PA

Thursday, January 17 - Committees

Friday, January 18 – Working Groups

Saturday, January 20 – Sunday, January 21 – Board of Trustees meeting

(Board packet deadline: **December 19, 2012**)

April 2013, Boston, MA:

Thursday, April 18 - Committees

Friday, April 19 – Working Groups

Saturday, April 20 – Sunday April 21 – Board of Trustees meeting

(Board packet deadline: **March 18, 2013**)

June 2013, Louisville, KY:

Tuesday, June 18 – Wednesday, June 19 – Board of Trustees meeting
Wednesday, June 19 – Sunday June 23 – General Assembly
Monday, June 24 – Board of Trustees meeting
(Board packet deadline: **May 20, 2013**)

October 2013, Boston, MA

Wednesday, October 16 - Committees
Thursday, October 17
Friday, October 18 – Working Groups
Saturday, January 19 – Sunday, January 21 - Board of Trustees meeting
(Board packet deadline: **September 17, 2013**)

January 2014, TBD

Thursday, January 23 - Committees
Friday, January 24 – Working Groups
Saturday, January 25 – Sunday, January 26 – Board of Trustees meeting
(Board packet deadline: **December 16, 2013**)

April 2014 Boston, MA:

Thursday, April 17 - Committees
Friday, April 18 – Working Groups
Saturday, April 19 – Sunday April 20 – Board of Trustees meeting
(Board packet deadline: **March 17, 2014**)

June 2014, Providence, RI:

Tuesday, June 24 – Wednesday, June 25 – Board of Trustees meeting
Wednesday, June 25 – Sunday June 29 – General Assembly
Monday, June 30 – Board of Trustees meeting
(Board packet deadline: **May 19, 2014**)